

Senate Hearing on HB330

Van Jamison for himself

(406) 443-0815

PURPA is the "law of the land" – it is a federal requirement

In 2003, Montana repealed its own version of PURPA contingent on the reveal or waiver of federal PURPA requirements – that's why these sections of Montana law are "temporary"

NorthWestern Energy petitioned FERC for relief from PURPA

- Argued competitive electricity markets existed in Montana and PURPA has unneeded
- Later argued PPL Montana held a monopoly in Montana and justified FERC ordered cost based rather than market based rates
- FERC rejected both arguments suggesting PPL Montana didn't hold a monopoly, but fully functional competitive markets hadn't fully emerged

With passage and approval of HB25 and NorthWestern Energy's return to being a vertically integrated utility, the basis for arguing against PURPA's application evaporates.

Provision would allow all "qualifying facilities" less than 10 megawatts to sell power to NorthWestern under the recently adopted "avoided cost" tariff **except counties issuing CREBs to underwrite project development**

- Small scale QFs owned by out-of-state or foreign entities and interconnecting to utilities in Montana could sell under PURPA, **BUT our own counties couldn't**
- The economic benefits of renewable energy development increase significantly when projects are locally owned and profits stay within the state

Maybe that is what the legislature wants, but the legislature should be aware of this **BIZARRE** result

I see two strange aspects to the public policy implications of this section, as it is now written, compared to other actions of the State and legislature

- First, the legislature is seems to be willing to frustrate "qualifying facility" sales under PURPA by its own political subdivisions while public policy would continue to allow out-of-state developers using the production tax credit or other incentives to sell under PURPA to incumbent Montana utilities
- Second, with the passage of HB25, the legislature has decided to allow the PSC to grant "pre-approval" to power plants NorthWestern Energy proposes while denying what is basically "pre-approval" to "qualifying facilities" sponsored by counties using CREB funding even though the same regulatory body will have reviewed the acquisition